

Message Text

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ACTION INR-07

INFO OCT-01 EUR-12 ISO-00 MMO-01 EA-10 SP-02 USIA-06

AID-05 EB-08 NSC-05 TRSE-00 SS-15 STR-05 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03

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FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 7798

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E.O. 11652: N/A

TAGS: ECRP

SUBJECT: CERP 002, RELATIONS WITH COMMUNIST COUNTRIES

REF: STATE 249989,

1. EMBASSY HAS PREPARED FOLLOWING CERP 002 REPORT (EVEN
THOUGH IT IS NOT ON OUR CERP SCHEDULE) IN ACCORDANCE WITH
FORMAT PROVIDED REFTEL.

2. POLITICAL

A. FORM THE SOVIET STANDPOINT, THE PAST YEAR MUST
HAVE BEEN A DISAPPOINTING ONE FOR MALTESE/USSR RELATIONS.
AS DEMONSTRATED BY HIS SPEECH IN PEKING AND SUBSEQUENT
COMMENTS IN PARLIAMENT, PRIME MINISTER DOM MINTOFF CONTINUES
TO TAKE A DIM VIEW OF THE MOTIVES AND PERFORMANCE
(ESPECIALLY IN THE ECONOMIC FIELD) OF THE USSR. MINTOFF'S
MOST RECENT REITERATION OF HIS DISTRUST OF THE SOVIET
UNION OCCURRED SHORTLY AFTER THE RUSSIANS HAD BEGUN WHAT
APPEARS TO BE AN INCREASED EFFORT TO IMPROVE THEIR
RELATIONS WITH MALTA. WITHIN THE PAST MONTHS THE SOVIETS

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HAVE INCREASED THEIR USE OF MALTA AS A TRANSSHIPMENT POINT
AND THE NUMBER OF THEIR CULTURAL PRESENTATIONS. THEY
ESTABLISHED A USSR/MALTESE CULTURAL AND FRIENDSHIP SOCIETY
IN AUGUST IN THE USSR AS A COUNTERPART TO THE MALTA-USSR CULTURAL
AND FRIENDSHIP SOCIETY (WHICH WAS SET UP SEVERAL YEARS AGO)
IN MALTA AND SENT TWO LOW-LEVEL DELEGATIONS TO VISIT MALTA,
ONE IN CONNECTION WITH THE 60TH ANNIVERSARY OF THE OCTOBER

REVOLUTION AND ANOTHER, CURRENTLY VISITING MALTA, WHICH IS HEADED BY THE PRESIDENT OF THE USSR-MALTA CULTURAL AND FRIENDSHIP SOCIETY (SEPTEL FOLLOWS). IN SPITE OF THESE EFFORTS, MINTOFF CONTINUES TO REJECT THEIR REQUESTS TO PERMIT A RESIDENT TASS CORRESPONDENT, A RESIDENT TRADE MISSION AND A RESIDENT EMBASSY. WHETHER THEIR ATTEMPTS TO IMPROVE RELATIONS WILL EVENTUALLY BEAR FRUIT REMAINS TO BE SEEN, BUT GIVEN MINTOFF'S APPARENT HOSTILITY TOWARD THE SOVIET UNION THE OUTLOOK DOES NOT APPEAR TOO BRIGHT.

B. RELATIONS WITH THE PRC, ON THE OTHER HAND, REMAIN EXCELLENT AS DEMONSTRATED BY MINTOFF'S RECENT TRIP TO PEKING. AS LONG AS MINTOFF MAINTAINS HIS PROFESSED POLICY OF NEUTRALITY AND PARTICULARLY AS LONG AS MALTA'S RELATIONS WITH THE USSR ARE STRAINED, THE PRC WILL PROBABLY CONTINUE ITS ECONOMIC ASSISTANCE PROGRAM AND ITS POLITICAL SUPPORT FOR MALTA'S FOREIGN POLICY. ASIDE FROM THE ECONOMIC ASSISTANCE PROGRAM, TRADE AND MINTOFF'S TRIP TO CHINA, THERE HAS BEEN LITTLE OR NO MALTA/PRC ACTIVITIES EITHER AT THE GOVERNMENT LEVEL OR THROUGH THE MALTA-PRC FRIENDSHIP SOCIETY.

C. MALTA CONTINUES TO ENJOY GOOD RELATIONS WITH NORTH KOREA. DELEGATIONS FROM NORTH KOREA VISIT MALTA FROM TIME TO TIME AND THE PRESIDENT OF THE MALTA LABOR PARTY, SALVU SANT, LED A MALTESE DELEGATION TO PYONGYANG LIMITED OFFICIAL USE

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IN SEPTEMBER TO ATTEND THE INTERNATIONAL SEMINAR ON THE JUCHE IDEA (KIM LI SUNG'S POLITICAL PHILOSOPHY). ALTHOUGH MALTA HAS DIPLOMATIC RELATIONS WITH SOUTH KOREA, REPRESENTATIVES OF THAT COUNTRY RARELY VISIT. OF THE OTHER COMMUNIST COUNTRIES CZECHOSLOVAKIA IS THE MOST ACTIVE. AFTER THE DOCTOR'S STRIKE BEGAN IN AUGUST, THE GOM CONTRACTED 16 CZECH DOCTORS TO WORK IN THE GOVERNMENT HOSPITAL. THE NUMBER WAS RECENTLY INCREASED TO 21 AND THE CONTRACTS EXTENDED. CZECHOSLOVAKIA IS ALSO INVESTING IN JOINT VENTURES IN MALTA. OTHER COMMUNIST COUNTRIES HAVE A VERY LOW TO NONEXISTENT PROFILE HERE, ALMOST ENTIRELY BASED ON THEIR VERY MODEST TRADE WITH MALTA AND VISITS BY THEIR NONRESIDENT AMBASSADORS.

3. ECONOMIC ASSISTANCE

A. TWO NEW FACTORIES TO BE FINANCED UNDER THE PRC/MALTA ECONOMIC ASSISTANCE AGREEMENT OF 1972 WERE AGREED TO DURING MINTOFF'S RECENT VISIT TO THE PRC BUT NO NEW ECONOMIC ASSISTANCE AGREEMENTS WERE CONCLUDED BETWEEN COMMUNIST COUNTRIES AND MALTA DURING THE REPORTING PERIOD. A CZECHOSLOVAKIAN DELEGATION IS IN MALTA THIS WEEK (DEC 5)

TO CONCLUDE NEGOTIATIONS ON THE ESTABLISHMENT OF TWO NEW
JOINT-VENTURE MANUFACTURING PROJECTS (AIRGRAM FOLLOWS).
THE NORTH KOREAN GOVERNMENT DONATED 20 TRACTORS WORTH
MP 50,000 (USDOLS 120,000) LAST MAY.

B. THE PRC HAS THE ONLY MAJOR ONGOING PROJECT SUPPORTED BY
A COMMUNIST COUNTRY, THE SO-CALLED RED CHINA DRY DOCK.
ALTHOUGH INFORMATION IS SKETCHY, THE PROJECT IS APPARENTLY
PROCEEDING ROUGHLY ON SCHEDULE.

C. THE EMBASSY ESTIMATES THAT THERE ARE APPROXIMATELY
120-130 PRC TECHNICIANS CURRENTLY IN MALTA, OF WHICH 90-100
ARE WORKING ON THE DRY DOCK PROJECT. THE BALANCE ARE WORKING
AS TECHNICAL ADVISORS WITH THE INDUSTRIES PREVIOUSLY SET
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UP BY THE CHINESE. THERE ARE 3 NORTH KOREAN EXPERTS WORKING
ON A TRAWLER PROJECT AND ONE CZECH ADVISOR ASSIGNED TO A
SHOE MANUFACTURING FIRM. NO OTHER ECONOMIC TECHNICIANS ARE
IN MALTA ALTHOUGH THERE ARE CURRENTLY 21 CZECH DOCTORS
ON DIRECT CONTRACT WITH THE MALTESE GOVERNMENT WHICH EMPLOYED
THEM (AS WELL AS DOCTORS FROM OTHER COUNTRIES) TO REPLACE
STRIKING MALTESE DOCTORS. THE SALARIES PAID TO THE CHINESE,
NORTH KOREAN AND CZECH TECHNICIANS AND CZECH DOCTORS IS
NOT KNOWN.

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D. MALTESE NATIONALS WERE SENT TO CZECHOSLOVAKIA IN 1976 FOR TRAINING NEEDED TO OPERATE THE JOINT VENTURE INDUSTRIES. WE HAVE NO EXACT INFORMATION ON THE NUMBER NOR LENGTH OF TRAINING BUT WE BELIEVE AROUND 10-20 MALTESE WENT FOR APPROXIMATELY 6 MONTHS. AS FAR AS WE KNOW, NO OTHER SHORT TERM TRAINING IS UNDERWAY.

4. MILITARY ASSISTANCE. THERE ARE NO COMMUNIST MILITARY ASSISTANCE PROGRAMS IN MALTA.

5. TRADE.

A. MALTESE TRADE WITH COMMUNIST COUNTRIES IS AS FOLLOWS:
TRADE BETWEEN MALTA AND COMMUNIST COUNTRIES

JULY 1, 1976, - JUNE 30, 1977

US DOLS MILLIONS

	IMPORTS TO MALTA	EXPORTS FROM MALTA
BULGARIA	2.61	NIL
	(CEREALS)	
CZECHOSLOVAKIA	2.62	NIL
	(MANUFACTURES)	

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GERMAN DEMOCRATIC REPUBLIC	.26	NIL
	(CLOTHING)	
HUNGARY	.70	NIL
	(FABRICS)	
POLAND	1.41	.09
	(MEAT)	
ROMANIA	.62	NIL
	(SOAP)	
USSR	.95	NIL
	(WOOD)	
PRC	2.77	NIL
	(MISCELLANEOUS)	

1. US DOL 2.43 EQUAL 1 MALTA POUND

2. MAJOR IMPORTS SPECIFIED IN PARENTHESIS

THERE WAS A SHARP DECLINE IN MALTESE EXPORTS TO POLAND DURING THE REPORTING YEAR COMPARED TO THE PREVIOUS YEAR (FROM US 825,000 TO 90,000), ALMOST ALL OF WHICH WAS A REDUCTION IN CLOTHING EXPORTS.

B. MALTA SIGNED TRADE AGREEMENTS WITH HUNGARY IN JANUARY, 1977, WITH POLAND IN OCTOBER, 1977 (VALLETTA A-37), AND VIET NAM IN DECEMBER, 1977 (VALLETTA A-48). THE TERMS OF THESE AGREEMENTS ARE NOT KNOWN BEYOND WHAT WE

HAVE ALREADY REPORTED. THE USSR HAS INCREASED ITS USE OF MALTA AS A TRANSSHIPPING POINT (VALLETTA A-44). A SOVIET DELEGATION VISITED MALTA DURING NOVEMBER TO INAUGURATE A NEW CONTAINER SERVICE LINKING MALTA WITH THE UK AND THE CONTINENT AND WITH MIDDLE EAST COUNTRIES. ACCORDING TO LOCAL SOURCES, AROUND 8-12 SOVIET CARGO SHIPS PER MONTH HAVE BEEN CALLING AT MALTA SINCE JUNE, 1977. SOVIET MERCHANT SHIPS MAKE OCCASIONAL USE OF THE MALTA DRY DOCKS FOR ROUTINE REPAIRS. A SOVIET DELEGATION IS CURRENTLY IN LIMITED OFFICIAL USE

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MALTA, HEADED BY THE PRESIDENT OF THE USSR-MALTA CULTURAL AND FRIENDSHIP SOCIETY. ACCORDING TO LOCAL PRESS REPORTS, HE HAS STRESSED THE WILLINGNESS OF THE SOVIET TRADE AUTHORITIES TO CONCLUDE A TRADE AGREEMENT WITH MALTA (SEPTEL FOLLOWS). THE PRC ORDERED TWO 5,700 TON PETROLEUM PRODUCT CARRIERS IN OCTOBER, 1976; THE FIRST WILL BE INAUGURATED BY PRIME MINISTER MINTOFF DECEMBER 11 AND REPORTEDLY BE READY FOR DELIVERY IN JANUARY, 1978. CZECHOSLOVAKIA WAS THE ONLY COMMUNIST COUNTRY TO PARTICIPATE IN THE 1977 MALTA INTERNATIONAL FAIR.

6. CULTURAL.

A. CULTURAL RELATIONS AT THE GOVERNMENTAL LEVEL BETWEEN COMMUNIST COUNTRIES AND MALTA WERE CLOSE TO NONEXISTENT DURING THE REPORTING PERIOD. CULTURAL PRESENTATIONS FROM THE USSR AND VISITS BY USSR DELEGATIONS WERE ARRANGED THROUGH THE MALTA-USS CULTURAL AND FRIENDSHIP SOCIETY (MALTA-BASED) AND THESE WERE VERY LIMITED UNTIL RECENTLY WHEN FOUR PRESENTATIONS HAVE BEEN HELD WITHIN THE LAST THREE MONTHS. TWO SOVIET JOURNALISTS VISITED MALTA IN JANUARY, 1977 AND RAISED AGAIN THE POSSIBILITY OF A RESIDENT TASS JOURNALIST BUT THE GOM REJECTED THE PROPOSAL. ANOTHER TWO-MAN DELEGATION VISITED MALTA IN OCTOBER, 1977 IN CONNECTION WITH THE 60TH ANNIVERSARY OF THE OCTOBER REVOLUTION. A USSR-MALTA CULTURAL AND FRIENDSHIP SOCIETY (USSR BASED) WAS ESTABLISHED IN AUGUST. NO USSR GOVERNMENT SCHOLARSHIPS HAVE BEEN OFFERED TO MALTESE BUT TWO-FOUR SCHOLARSHIPS WERE GIVEN TO MALTESE THROUGH THE MALTA-USSR CULTURAL AND FRINDSHIP SOCIETY. THE SOCIETY ALSO OFFERS COURSES IN RUSSIAN. SEVERAL MALTESE DELEGATIONS COMPOSED MAINLY OF MEMBERS OF THE SOCIETY VISITED THE USSR DURING THE REPORTING PERIOD.

B. THERE HAVE BEEN NO CULTURAL EVENTS SPONSORED BY OTHER COMMUNIST COUNTRIES, EXCEPT THE PRC WHICH ARRANGED LIMITED OFFICIAL USE

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FOR A SHOWING OF "THE EAST IS RED" IN A LOCAL THEATER.
THIS FILM WAS ALSO SHOWN ON LOCAL TELEVISION AS WAS ONE
OTHER PRC FILM. NO SCHOLARSHIPS EXCEPT ONE BY ROMANIA
THROUGH UNESCO HAVE BEEN OFFERED. WE DO NOT KNOW IF THIS
SCHOLARSHIP WAS USED.

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C. MEDIA PLACEMENTS HAVE BEEN VERY LIMITED. THE MALTA
NEWS PUBLISHED AN ARTICLE BY THE FORMER MALTESE BASED TASS
CORRESPONDENT ON AUGUST 11, THE TENTH ANNIVERSARY OF THE
ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN MALTA AND
THE USSR. DURING THE PAST YEAR THIS NEWSPAPER PUBLISHED
TWO OR THREE OTHER ARTICLES FROM TASS AND OTHER SOVIET
SOURCES AND PERHAPS AN EQUAL NUMBER FROM PRC SOURCES; THESE
HAVE BEEN NON-POLEMICAL FEATURE ARTICLES, USUALLY ON LIFE
IN THESE COUNTRIES. THE EDITOR OF THE MALTA NEWS ALSO
PUBLISHED HIS IMPRESSIONS OF HIS VISIT TO NORTH KOREA IN
SEPTEMBER. OTHER WISE PRESS COVERAGE HAS BEEN LIMITED TO
STRAIGHT NEWS ITEMS RELATED TO VISITS OF COMMUNIST OFFICIALS.

7. COMMENT: WE WOULD APPRECIATE CLARIFICATION OF OUR
RESPONSIBILITIES FOR CERP 002 REPORTING. WE NOTE THAT
VALLETTA'S CERP SCHEDULE FOR 1977 DOES NOT INCLUDE 002
BUT STATE 249989 DOES. PLEASE ADVISE WHETHER OR NOT WE
ARE TO SUBMIT CERP 002 IN THE FUTURE. IF SO, PLEASE

POUCH A COPY OF A-6884, AUGUST 10, 1973. LAINGEN

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Message Attributes

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Copy: SINGLE
Sent Date: 12-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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